

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JULY 19, 2006

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; John Bunnell, Administrator of Marketing & Sales; Steven Slovenski, Legal Counsel; Howard Roundy, Director of Information Technology; Kathleen McCabe, Director of Purchasing; Evie Taft, Human Resources Administrator; John Larochelle, Assistant Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Randy Avery, Deputy Chief of Enforcement; Doreen Wittenberg, Administrative Services. **Guests:** Al Picconi, Southern Wine & Spirits of N.E., Inc.

EXCUSED: Peter Engel, Director of Store Operations.

I. FINANCIAL & ADMINISTRATIVE SERVICES

1. Financial Reports

A. Weekly, Year-to-Date Sales Reports:

Total sales for the week ending July 16, 2006 increased 1.58% over the same week last year, and also increased year-to-date by 6.8% or \$1,313,694.

B. Budget/Administrative Reports:

The Commission had three items on today's Governor and Council agenda: the NABCA contract extension, the grant extension for DOJ, and equipment and installation costs for the Enforcement Gator Car. All passed without questions.

The Law contract committee met yesterday and worked on transportation costs and reworking a matrix. This committee will meet again tomorrow.

Packets are being put together to go to the stores regarding the new 2006 Ethics Law. Craig explained that when a third party pays for travel expenses (to attend a conference or work-related meeting), a report must be submitted to the Secretary of State showing what expenses were paid. This report is due at the SOS by the end of the month in which the employee travels.

The current W-6 Expense Budget Activity Variance Report shows the year to be at about 2.67% expended. There was nothing of significance to report.

John Tower has been asked to put together a list of potential store relocations. There is around \$90,000 available to be used for locations and renovations.

Work continues with the LBA auditors without incident.

George has been doing his best to ensure that the accounting staff attend all of the sessions regarding the States' new ERP system. It has created a tremendous burden on their resources, but it is necessary to ensure that our needs are addressed in the new statewide computer system.

2. IT Report

Final details are being incorporated into the point-of-sale contract, which will then go to the Attorney General's Office.

Regarding work on the OIT budget, Howard asked that he be advised of anything which would be needed within the next two years to make sure money will be available.

Everything is in place for the price list to be implemented on Saturday. Although there is some programming which needs to be finalized, some will not be needed until August.

Some depletions were over charged to brokers, but now it appears only two brand codes are involved. This problem may have been caused by products changing vendors.

3. Human Resources Report – No report given.

II. MARKETING & SALES REPORTS

1. Store Operations

John Larochelle reported that everything is moving along smoothly in the stores at this time.

2. Purchasing Report

Kathy Hass distributed the most current out-of-stock warehouse report. Commissioner Byrne asked that a column be inserted showing the past twelve month case volume for each code, and that the report then be re-calculated.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Villa Grazia Limonciello):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon

Beverage Company/Banfi Vintners for a new test market listing for Villa Grazia Limonciello, 750ML size (assigned new Code #5170), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Castello Banfi Grappa):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Banfi Vintners for a new test market listing for Castello Banfi Grappa, 750ML size (assigned new Code #5167), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) One Time Buy Request (Buffalo Trace Experimental Collection):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Sazerac Company for the Commission to make a one-time buy of Buffalo Trace Experimental Collection Bourbon, 375ML size (assigned new code #456), as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

3) Product Promotion (Captain Morgan):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Diageo North America for Captain Morgan to appear in Store #76 Hampton on Friday, August 4, 2006 and in Store #38 Portsmouth on Saturday, August 5, 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

4) Welcome to New Hampshire Program:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Remy Cointreau to conduct a consumer sweepstakes during September, October and November 2006 for a change to win NHSLC gift cards, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

B. WINES:

1) Special Offers for September 2006 (2 items – Horizon Beverage Company):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers received electronically from Horizon Beverage Company, based upon depletions/special purchase allowances for two (2) wine items, to be featured on sale during the Labor Day Sale 2006, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

2) September Special Offers (35 electronic items – M.S. Walker, NH):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers received electronically from M.S. Walker, NH, based upon depletions/special purchase allowances for thirty-five (35) wine items, to be featured on sale during September 2006, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

3) September and October 2006 E-Mail Alert Coupon:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Brown-Forman Corporation to utilize an e-mail alert coupon featuring three Little Black Dress wine items during September and October 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Store Tasting (CCPC):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from CCPC World Wide Ventures to conduct an in-store bottle signing on Friday, July 28, 2006 from 4:00 to 7:00 p.m. at Store #76 Hampton, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Request for Second Size:

a. Franzia 3 Liter Boxes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon

Beverage Company/The Wine Group to list second sizes of Franzia 3 liter boxes as follows: Code #44252, Chardonnay; Code #44253, Merlot; and Code #44254, White Zinfandel, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Piper Heidsieck Brut:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Martignetti Companies of N.H./Remy Cointreau USA to list a second size of Code #44190, Piper Heidsieck Brut, due to failure to meet gross profit requirements, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Purchase and Display Little Black Dress:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Brown-Forman Corporation for the purchase and display of Codes #43820, Little Black Dress Merlot and Code #43821, Little Black Dress Pinot Grigio, but deny the purchase and display of Code #43819, Little Black Dress Chardonnay, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Results of Purchases & Displays:

a. Fish Eye:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the distribution of Codes #42679, Fish Eye Sauvignon Blanc and #42678, Fish Eye Shiraz, based on the results of purchase and display of these products, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Twin Fin:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the distribution of Codes #41738, Twin Fin Cabernet Sauvignon and #41742, Twin Fin Pinot

Noir, based on the results of purchase and display of these products, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Killer Juice:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of Codes #43446, Killer Juice Cabernet Sauvignon and #43447, Killer Juice Chardonnay, due to failure to meet gross profit requirements during the purchase and display period, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Recommended Allocated Wines for Distribution to Selected Stores (5 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve five (5) allocated wine items for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) Recommended Allocated Wines (Absolutes) for Distribution to Selected Stores (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve one (1) allocated wine (absolute) item for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

10) Primary Source Submissions:

a. 15 exclusive agent; 19 imported:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of fifteen (15) wine codes which are offered by the exclusive marketing agent and nineteen (19) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 4 exclusive agent; 7 imported:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of four (4) wine codes which are offered by the exclusive marketing agent and seven (7) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 11) (Tabled Item) Line Extension of Veuve Clicquot Rose NV (from 6/28/06, Item B-3):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that this item be removed from the table, and that the Commission approve a request from Southern Wine & Spirits of N.E., Inc. to place Code #43788, Veuve Clicquot Rose NV in all Cluster 1 stores and in six (6) additional stores. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report given.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated June 29 through July 19, 2006. The motion was unanimously adopted.

2. Coupon Approvals: None.
3. Late Items/Other: None.

V. EXECUTIVE SESSION

At 1:35 p.m. the meeting was adjourned, and the Commission went into non-public session.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

